



## **MINUTES OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK**

For the meeting held on **August 28, 2012**  
980 9<sup>th</sup> Street, Conference Center, 2nd Floor  
Sacramento, California 95814

Chairman Jimenez called the meeting of the California Infrastructure and Economic Development Bank (I-Bank) Board to order at approximately 1:37 p.m.

### **1. Call To Order and Roll Call.**

The following Board members were in attendance:

- Augustin Jimenez represented the Secretary of the Business, Transportation and Housing Agency.
- Francisco Lujano represented the State Treasurer.
- Willie Armstrong represented the Secretary of the State and Consumer Services Agency.
- Everett Rice, Governor's appointee.

Ana J. Matosantos, Director of the Department of Finance was absent.

The following I-Bank staff members were in attendance:

- Stan Hazelroth, Tom Tengan, Tara Dunn and Diane Cummings.

### **2. Executive Director's Report.**

Executive Director Stan Hazelroth reported to the Board the following:

- On August 20, 2012, I-Bank staff conducted a meeting to kick off the refunding bonds for the State Water Resources Control Board's 2002 Revenue Bonds issued by the I-Bank to provide additional funds for the Clean Water State Revolving Fund Program. Refunding is estimated to save the program approximately \$10 million and the bonds are projected to close in mid-November.
- Board Members have been provided a copy of a letter from I-Bank's financial audit firm, Macias Gini & O'Connell, LLP confirming the commencement of the 2011/2012 audit, and the audit objectives, responsibilities, procedures and other audit expectations.
- On August 1st the City of San Bernardino filed Chapter 9 bankruptcy. I-Bank, through its Infrastructure State Revolving Fund Program, has three general fund lease obligations outstanding to the City of San Bernardino, and the filing of bankruptcy is an automatic event of default. The city made payments due on all three leases and the next payments are due February 1, 2013. The Attorney General's Office is representing I-Bank in the bankruptcy.
- Marketing efforts for the Infrastructure State Revolving Fund Program are progressing well with several applications in process.

### **Consent Items:**

### **3. Approve minutes from the meeting held on June 26, 2012.**

Chairman Jimenez called for questions or comments from the Board and the public. Hearing none, he entertained a motion to approve this consent item. Mr. Lujano moved to approve the

minutes and Mr. Armstrong seconded the motion. The Board unanimously approved the minutes.

**Action Items:**

- 4. Resolution 12-06 approving actions to be taken, including the execution and delivery of documents associated with the conversion of interest rate and mandatory tender of the outstanding California Infrastructure and Economic Development Bank Revenue Bonds (Rand Corporation) Series 2008A and Series 2008B, initially issued in exchange for bonds previously issued to refinance the acquisition, construction, furnishing and equipping of a new headquarters and office facility located in the City of Santa Monica, and for the purchase of the tendered bonds by Wells Fargo through a private placement.**

Ms. Dunn presented a staff report describing the request that the Board authorize amendments to existing documents in connection with the outstanding Rand Corporation tax-exempt 501(c)(3) revenue bonds, Series 2008A and Series 2008B. Ms. Dunn gave a background report that explained that the 2008 Bonds refinanced bonds issued by the I-Bank in 2007, and those bonds refinanced bonds issued by the I-Bank in 2002 which financed the construction of a new RAND corporate headquarters and office facility located in Santa Monica and that the facilities were completed in October, 2004. Ms. Dunn stated to the board that the outstanding 2008 Bonds are in the amount of \$120,800,000 and that RAND is in compliance with all 2008 Bond payment requirements and covenants. She then briefed the board on the purpose of the request which will allow RAND to choose either an index based on LIBOR or an index based on SIFMA. She added that the 2008 Bonds will need to be tendered to affect the proposed new Index Rate Mode, and RAND is also requesting that the amendments allow the tendered bonds to only be purchased by a qualified institutional buyer. Ms. Dunn informed the board that Wells Fargo Municipal Capital Strategies, LLC, and affiliate of Wells Fargo Bank, National Association has agreed to purchase the tendered bonds in a private placement. Ms. Dunn then introduced John Meyers of Orrick, Herrington and Sutcliffe, Bond Counsel for the transaction.

Chairman Jimenez called for questions or comments from the Board and the public. Mr. Meyers thanked the Board for its consideration of the amendments. Following the comment, Chairman Jimenez entertained a motion to approve Resolution No. 12-06. Mr. Armstrong moved to approve the resolution and Mr. Lujano seconded the motion. The Board unanimously approved the resolution.

**Other Non-Action Business.**

Chairman Jimenez called for any other business; there was none.

**Public Comment.**

Chairman Jimenez called for any public comment; there was none.

**Adjournment.**

Chairman Jimenez declared the meeting adjourned at approximately 1:55 p.m.